

For Receipt of Letter

Dir (Op.)/WBSETCL/III/ ACE/RAE/1/64
Dated..... 02/03/14



WBSETCL

West Bengal State Electricity Transmission Company Ltd.

(A GOVERNMENT OF WEST BENGAL ENTERPRISE)
OFFICE OF THE MANAGING DIRECTOR,
Vidyut Bhavan (8th floor, A-Block)
DJ-Block, Sector-II, Salt Lake, Kolkata – 700 091.

FAX : (033) 2337-0206

Telephones : (033) 2337-0206, 2319-7569

Email susanta.das@wbsetcl.in

Memo No. MD/WBSETCL/WBERC/41/

Dated: 04.03.2014

Shri K.P. Bhar, IAS (Retd.)

Secretary

West Bengal Electricity Regulatory Commission

FD 415 A, Poura Bhaban, 3rd Floor, Sector III,

Kolkata 700 106

Dear Sir,

Filing of Supplementary Petition for determination of Tariff charges for the years 2014-15 to 2016-17

We refer to your letter No. WBERC/TP-60/13-14/1877 dated 28th February 2014 on the above subject.

In this connection, we would like to submit that in the present day context and environment in West Bengal, stoppage and/or delay or slow progress of work due to ROW related issues or agitations by the affected parties or public at large is totally unpredictable, especially in the case of transmission lines. In numerous instances, even in spite of substantial completion of work, the Company has been unable to complete or commission the transmission lines due to stoppage of work for prolonged periods at just one or two locations due to agitation by local people. Also, in some instances, work has to be stopped due to court orders.

Even though assistance of the local administration and political leaders are obtained to the extent available, there are no guarantees that such mediation would yield results due to which completion and commissioning of the capital assets become uncertain.

The Hon'ble Commission will appreciate that in such instances of delay in commissioning of the capital works due to unforeseen circumstances beyond the control of the Company, such time overrun inevitably leads to increase in Interest during Construction (IDC) and consequent completed project cost. Also, the turnkey projects awarded by the Company permit price variation only on self-manufactured items of supply provided the delay in completion of the project is not attributable to the contractor. Thus, in some cases there also may be increase in base project cost (and completed project cost) on account of price variation, where progress of work is delayed due to reasons not attributable to the contractor.

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In this connection, we would also like to point out that in instances where project completion is delayed for contractor's fault, liquidated damages as per the contract terms is recovered from the contractor and

credited to the capital cost, offsetting the increase in project cost due to the aforesaid factors to some extent.

The directions regarding submission of reports comparing approved project cost with the actual cost and scheduled and actual completion times against all ongoing projects immediately on completion has been duly noted and will be complied with.

Yours faithfully,

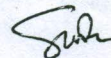
Sd/-
(S. K. Das)
Managing Director

Memo No. MD/WBSETCL/WBERC/41/132 (iii)

Date : 04.03.2014

Copy forwarded for information to :

- 1) The Director (Operations), WBSETCL.
- 2) The Director (F&A), WBSETCL.
- 3) The Addl. C.E. (RAC), WBSETCL.


Managing Director